

Session 1

The different purposes of organisations

What we will learn

1. What is an Organisation?
2. Different types of organization
3. Mission, vision and objectives
4. Creating value for stakeholders

1. What is an Organisation

Organisations are **social arrangements** for the **controlled performance** of **collective goals**.

A social unit of people that is structured and managed to meet a need or to pursue collective goals

Social arrangements

- People who are working together.
- Good intercommunication is needed.
- Good understanding is needed.
- Respect , Appreciation

Controlled performance

- An organisation will have **systems and procedures** in place to ensure that group goals are achieved.
- Managers , Supervisors will monitor , measure the performance.

Collective goals

- Organisations are defined by their goals
- Working towards a common goal



Why do we need organisations?



Why do we need organisations?

Organisations enable people to:

- Share skills and knowledge
- Specialize
- Pool resources

Learning Organizations?

Different types of organization

- Profit
- Not-for-profit (NFP)

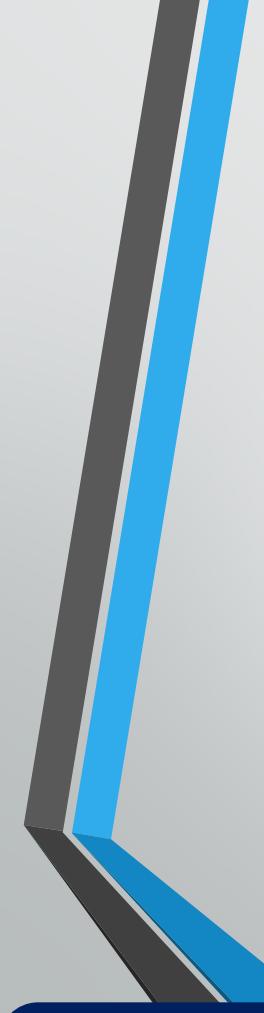
What are the differences ?

Profit Vs Not-for-profit (NFP)

Profit / Commercial

- Main objective as maximising the wealth of their owners.
- Three common forms –
 1. **Sole traders** - the organisation is owned and run by one person.
 2. **Partnerships** - the organisation is owned and run by two or more individuals.

Both above are not legally separated as owner & business



**Research for 1 famous Sole Trade
& a Partnership**

**Present the history and the
current situation**

Profit / Commercial

Limited liability companies

- A company has a separate legal identity to its owners (who are known as shareholders).
- The owner's liability is limited to the amount they have invested into the company.
- **Public Limited (Ltd) vs Private Limited (Plc)**

Not for profit organizations

- Do not see **profitability** as their main objective.
- Seek to satisfy the particular needs of their members or the sectors of society that they have been set up.
- NFP includes : *government departments and agencies , schools, hospitals , charities , Clubs*

The objectives

- Hospitals exist to treat patients.
- Councils may see their mission as caring for their communities.
- Government organisations usually exist to implement government.



Public , Private and NGOs

Public sector organisations

- Provides basic government services and functions
- Controlled by the government
- Examples :

Private sector organisations

- The private sector consists of organisations that are run by private individuals and groups rather than the government

Nongovernmental organisations (NGOs)

- A nongovernmental organisation is one which does not have profit as its primary goal and is not directly linked to the national government.
- Two Types :

Operational NGOs.

Campaigning NGOs .

Operational NGOs.

- Seek to achieve change directly through projects such as community development.
- **Examples : Red Cross , HelpAge etc.**

Campaigning NGOs.

- Seek to achieve change indirectly through the use of lobbying and public relations (PR) programmes to influence government.
- Examples :



Mission, vision and objectives



Vision

- How they see the organisation in the future.
- Vision Statement describes the desired future position of the company.
- Closely linked to the mission of the organisation.
- Long term goal.

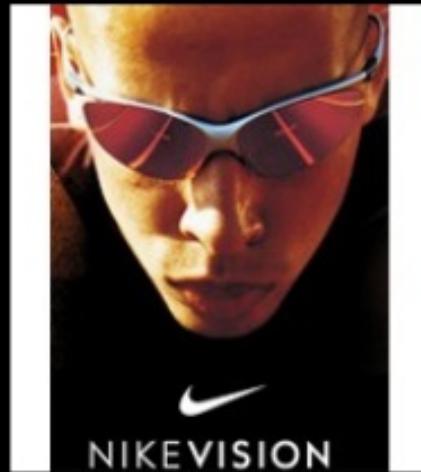


Vision Statement

“To bring inspiration and innovation to every athlete* in the world”

(* “*If you have a body, you are an athlete*”

Bill Bowerman, co-founder)





BMW



Vision:

To be the most successful premium manufacturer in
the industry

Mission:

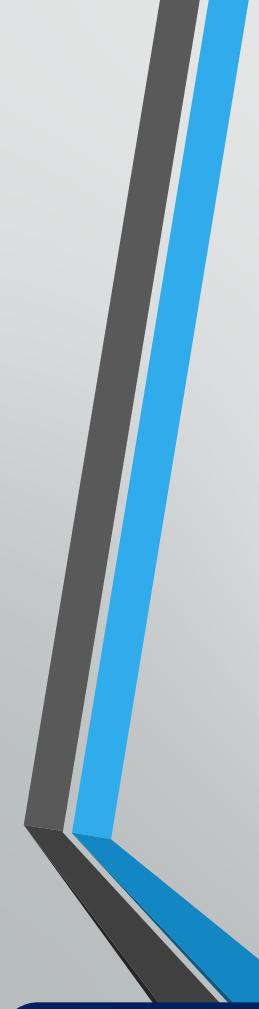
The BMW Group is the world's leading provider of
premium products and premium services for
individual mobility.

Mission

- Can be seen as an expression of the organization's **reason for being**.
- A Mission Statement defines the company's business, its objectives and its approach to reach those objectives.

Elements of mission

- **Purpose** – why does the organisation exist and who does it exist for?
- **Strategy** – what does the organisation provide (goods/services) and how are these provided?
- **Policies and culture** – how does the organisation expect its staff to behave/act?
- **Values** – What are the core principles of the organisation ?



A mission for a Company

Difference?

Mission

- Present based, Short Term Objectives

Vision

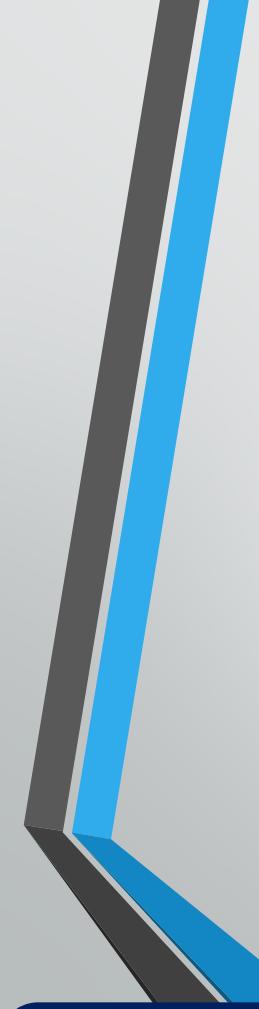
- future based , Long Term



4. Creating value for stakeholders

Who are Stakeholders?

- A person, group or organization that has interest or concern in an organization.
- Shareholders, Employees, Investors , Suppliers, Customers
- Almost everybody who has anything to do with an organisation.



Map Stakeholders of a Boutique Hotel

Creating value for stakeholders

- It is vital for managers to understand the varying needs of the different stakeholders in the organisation.
- Organisations should work in order to add value for stakeholders.

How can you create value?

Few Ways that can add value

- Control and coordination of resources.
- Efficient production of goods and services.
- Facilitating innovation

Control and coordination of resources.

- Direct supervision of staff
- Planning processes to ensure correct procedures are followed
- Targets
- The culture of the organisation

Efficient production of goods and services.

- Maximum output with minimum input.
- Organisation should strive to minimise the wastage of resources.
- Technological advancement could support efficient production.
- **Lean management** - Toyota

Facilitating innovation.

- Organisations should facilitate and encourage innovation.
- Innovation can be used to: reduce costs , provide a basis for differentiation.

Organisational dimensions: to encourage creative ideas

- **Structure** – a flexible structure to avoid the stifling of innovation.
- **Culture** – sees failure as a learning experience to be expected.
- **Leadership** – to lead the organisation via communication and the creation of vision.
- **People** – a team based approach creating ownership and participation.
- **Communication** – creating awareness within the organisation of the ideas created.

